

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 CU-04 NIC-01

EUR-25 OPR-02 AID-20 OMB-01 DRC-01 OC-06 CCO-00 SCS-03

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R 241329Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 2024

INFO USCINCSO

C O N F I D E N T I A L LA PAZ 0481

E.O. 11652: GDS

TAGS: ELAB, PINT, EZ

SUBJ: REACTION TO JANUARY PRICE AND WAGE INCREASES

REF: LA PAZ 430

1. ON JANUARY 21 THE SECURITY FORCES EASILY CONTROLLED SCATTERED DEMONSTRATIONS BY HOUSEWIVES AND FACTORY WORKERS. THE LA PAZ FACTORY WORKERS DECLARED A STRIKE BEGINNING AT 3 P.M. ON JANUARY 21 AND ON THE NEXT DAY THEY HELD AN ORDERLY ASSEMBLY OF 3,000 IN A FOOTBALL FIELD IN A WORKING CLASS NEIGHBORHOOD. IN COCHABAMBA ON JANUARY 22 FACTORY WORKERS DECLARED A 36 HOUR STRIKE, AND DISTURBANCES IN THAT CITY RESULTED IN THE WOUNDING OF TWO WORKERS BY POLICE BULLETS. BY JANUARY 23, THE FACTORY WORKERS, MINE WORKERS AND COMMERCIAL WORKERS HAD DECLARED 24 HOUR STRIKES. THE MINISTRY OF LABOR HAS DECLARED THESE STRIKES ILLEGAL.

2. THE MINISTRY OF INTERIOR ANNOUNCED THAT IT HAD ARRESTED A NUMBER OF EXTREMISTS AND AGITATORS IN THE LAST TWO DAYS BUT DID NOT REVEAL THE NUMBER OF DETAINEES OR THEIR NAMES. DR.

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BENJAMIN MIGUEL, PRESIDENT OF THE PDC, WAS AMONG THOSE ARRESTED.

HIS ARREST FOLLOWED HIS ISSUANCE OF A STATEMENT DENOUNCING THE PRICE AND WAGE INCREASE.

3. ON JANUARY 21, CIRO HUMBOLDT, SPEAKING FOR THE MNR, AND REPRESENTATIVES OF THE FSB AND THE BARRIENTISTAS ANNOUNCED THEIR FULL SUPPORT OF THE GOB'S ECONOMIC MEASURES AND, ON JANUARY 22, THE COMBINED COMMAND OF THE ARMED FORCES DID THE SAME.

4. A QUICK SURVEY OF UNION REACTION FINDS WIDESPREAD REPUDIATION OF THE GOB'S ECONOMIC POLICIES. UNIONS REPRESENTING LOWER PAID WORKERS SUCH AS THE FACTORY WORKERS AND THE COMMERCIAL WORKERS ARGUE THAT THEIR AVERAGE MEMBER SPENDS THE MAJOR FRACTION OF HIS INCOME ON STAPLE FOODS AND THAT THE RISE IN THE COST OF THESE STAPLES WILL NOT BE COMPENSATED FULLY BY THE 400 PESO PER MONTH WAGE INCREASE OFFERED BY THE GOB. MANY UNION LEADERS BELIEVE THAT THE PRICES FOR MANY OTHER ITEMS WILL SOON MOVE UPWARD FOLLOWING THE INCREASE IN STAPLES. FINALLY, MANY UNION LEADERS ASSERT THAT THIS WILL NOT BE THE LAST OF RECURRING ECONOMIC CRISES WHICH WILL BE SOLVED AT THE COST OF THE WORKING CLASS.

5. COMMENT: ALTHOUGH THE SECURITY FORCES APPEAR TO HAVE THE SITUATION WELL IN HAND FOR THE TIME BEING, THERE IS A SENSE OF OUTRAGE AMONG THE UNIONS WHICH WAS LACKING AT THE TIME OF THE OCTOBER ECONOMIC MEASURES. THERE SEEMS TO BE A FEELING THAT UNIONS MUST REGISTER THEIR PROTEST EVEN IF PROTEST IS INEFFECTIVE AND EXPOSES UNION LEADERS TO THE PROBABILITY OF GOB HARASSMENT. THE CURRENT LABOR UNREST, INCLUDING UNUSUAL PUBLIC STATEMENTS OF CONCERN OVER THE ECONOMIC SITUATION BY MAJOR CAMPESINO GROUPS IN LA PAZ AND COCHABAMBA, HAS INCREASED THE NORMAL SPATE OF RUMORS OF PLOTTING IN THE ARMED FORCES.

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